# Impact of Government Expenditure on Unemployment in Nigeria: Evidence from Social Expenditure.

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*Abstract*

*Government social expenditures are meant not only to increase human capital but also to reduce employment rate in Nigeria. Statistical evidence has shown that government social expenditures in Nigeria have been increasing yet there are doubts if these have contributed to reduction of unemployment in Nigeria.  As a result, this study examined the effect of government social expenditure on unemployment in Nigeria from 1981 to 2016. The study made use of secondary data and employed Ordinary Least Square (OLS) regression method. The results revealed that economically, REXPH, REXPE and CEXPEH did not conform to a-priori expectation. Statistically at individual level, government recurrent expenditure does not have statistical significant impact on unemployment in Nigeria, where as capital expenditure does. Also the overall statistic show that recurrent and capital expenditure on health and education has statistical significant impact on unemployment in Nigeria. From the results, the study therefore conclude that government expenditure on health and education and other social and community activities on both recurrent and capital nature meant to contribute to unemployment reduction Nigeria failed to do so. Hence recommends that Nigerian government should ensure that funds allocated to health, education and other social and community activities are properly utilized.*

*Keywords: REXPH; REXPE; CEXPEH*

## Introduction

Unemployment refers to the condition in which persons who are willing and able to work within an economy are jobless (Anyanwuocha, 2005). It is also referred to as condition of not having a

job, often referred to as being "out of work". It occurs under certain conditions such as; firstly, down wing in an economy or business which resulted to staff outlay (cyclical unemployment). Secondly, mismatch between the skills that workers in the economy can offer, and the skills demanded of workers by employers (structural unemployment). Thirdly, time spent transitioning from one job to another (frictional unemployment) (Anyanwuocha, 2005). Unemployment is adverse to economic growth not because of its negative impact on national and per capita income but also its inherent problem in which citizens are not able to obtain good health care, quality education, good housing, healthy food, good water, and basic needs of life due to poor standard of living, poverty, and low income (Egbulonu & Wobilor, 2016).

Government expenditure on the other hand, is a policy under which the government uses its expenditure programmes to produce desirable effects such as provision of good roads, infrastructural facilities, and poverty reduction, provision of schools and health centers' and job creation and avoid undesirable effects such as poverty, poor health care, poor education, poor housing, unhealthy food and low income and unemployment. By implication, government expenditure programmes are strong factors used to tackle unemployment and its inherent problems.

Over the years, unemployment has increased substantially around the globe, reflecting weakness in global economic activities. Unemployment negatively impacts on government's ability to generate income and also tends to reduce economic activity. The high unemployment rates currently experienced by many economies and Nigeria is not exempted reflect both cyclical conditions and deep-rooted weaknesses in labour market institutions and government expenditure programmes (Cottarelli 2012).

Before and in the early years of Nigerian independence, unemployment problems was not too obvious probably because of population rate and income from agricultural export, as agricultural export revenue was large enough to take care of the economy and its teaming population. Despite the success recorded in agriculture at national level, good number of persons were involved in subsistence agricultural practice both in the rural and urban. Secondly, crude oil export revenue was also a good complement to agricultural export revenue; these factors reduced pressures on white collar job and rural urban migration (umar, 2015). Since unemployment problems was not a national threat in the early years of Nigerian independence, the first national development plan of 1962-1968, second national development plan of 1970-1974, and third national development plan of 1977-1980 did not prioritized unemployment/employment issues. The decadence of agricultural sector as a result of over reliance on crude oil export revenue, and drastic fall in international price of crude oil in late 1970's into 1980's contributed to unemployment in Nigeria, with other inherent effects of unemployment such as; low per capita income, lack of access to good health care, lack of quality education, and poor standard of living. These factors constituted to prioritizing living standard and unemployment/employment issues in Nigeria's fourth national development plan of 1981-1985 and national rolling plans of 1990-1992, 1993-1995, 1994-1996 (Onwuemele, 2013).

From early 1980's unemployment has become an issue of great concern in Nigeria, and different administrations in Nigeria have banked on expansionary fiscal policy precisely increase in government expenditure to tackle unemployment problems and its inherent effects. Government

expenditure programmes so far banked on by Nigerian government in order to combat unemployment problems and its inherent effects cut across capital and recurrent expenditures (Olukayode, 2011). From 1981- 1995 average recurrent and capital government expenditures on social & community services stood at ₦3.65 billion and ₦2.20 billion respectively, these figure increased tremendously from 1996 – 2010, within this period average recurrent and capital government expenditures on social & community services stood at ₦168.33billion and ₦67.04 billion respectively. 2011- 2016 saw another rapid rise with recurrent and capital government expenditures on social & community services standing at ₦ 797.24 billion and ₦103.14 billion respectively (Central Bank of Nigeria [CBN, 2016]). All these efforts were geared toward reduction of unemployment and improvement of standard of living in Nigeria.

**Statement of Problem**

From 1980's till 2016 unemployment rate in Nigeria has been on the increase. According to statistical reports, unemployment rate in Nigeria stood at 27.9% in 1980, 30% in 1983, 40% in 1995, 51% in 2011, and 57.04% in 2016. The figure below shows the trend of unemployment rate in Nigeria from 1980 – 2016.
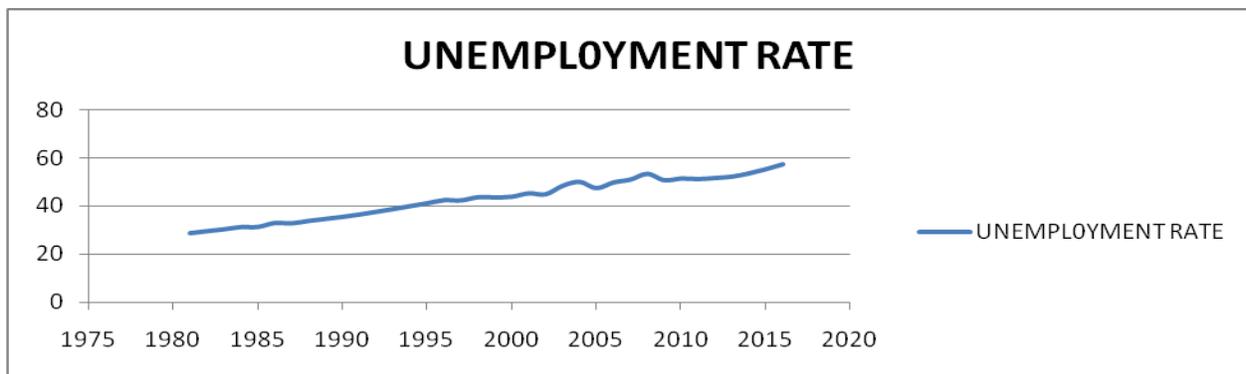


Figure 1.1: trend of unemployment rate in Nigeria from 1980 – 2016
Source: Nigeria Bureau of Statistics, 2016.

Nigerian government has spent huge amount of money through her public expenditure particularly on social & community services in order to halt unemployment problems in Nigeria. Total recurrent and capital expenditure from 2011 to 2016 stood at ₦4783.43 billion and ₦ 618.85 billion respectively, out of which ₦797.24 billion and ₦103.14 billion were allocated to recurrent and capital government expenditures on social & community services respectively (CBN, 2016). Despite these expenditures, Nigerian economy is still facing unemployment crisis. Continuous increase in government expenditures has made scholars to investigate the relationship between government expenditures and Nigerian economic growth. Their findings are as divergent as there are scholars. Regardless of the divergence in their findings, they all focused more on aggregate government expenditures and Nigerian economic growth without capturing the effect of government expenditures on social & community services and unemployment in Nigeria. From statistical records Nigerian government have spent huge on social & community services with the intention to reduce and/or eradicate unemployment, hence, there is need to examine the effect of social & community services government expenditures on

both recurrent and capital nature on unemployment rate in Nigeria. The study attempts to fill these gaps as the major point of departure from the previous literatures reviewed.

**Research Questions**

This study attempts to answer the following questions:

1. What impact has government health recurrent expenditure on unemployment in Nigeria?

2. What impact has government education recurrent expenditure on unemployment in Nigeria?

3. What impact has government health and education capital expenditure on unemployment in Nigeria?

**Objectives of the Study**

1. To analyse the impact of government health recurrent expenditure on unemployment in Nigeria.

2. To examine the impact of government education recurrent expenditure on unemployment in Nigeria.

3. To determine the impact of government health and education capital expenditure on unemployment in Nigeria.

**Hypotheses of the Study**

The hypotheses of the study are stated all in null form

1. $H_{01}$: government health recurrent expenditure has no significant impact on unemployment in Nigeria.

2. $H_{02}$: government education recurrent expenditure has no significant impact on unemployment in Nigeria.

3. $H_{03}$: government health and education capital expenditure has no significant on unemployment in Nigeria.

**Empirical Literature Review**

Part of capital and recurrent government expenditures are allocated to social and community services in order to expend hospitals and schools and to employ more hands, this in turn is expected to increase per capita income and reduction unemployment. On this background, flurry of literatures have focused on examining the effect of government expenditure on Nigerian economic while studies on impact of government social expenditure on unemployment in Nigeria are still scanty.

Onodugo, Obi, Anowor, Nwonye and Ofoegbu (2016) examined the impact of public spending on unemployment in Nigeria. The study made use of a regression model with annual data from 1980 to 2013 to empirically determine the impact of public sector expenditures and private sector investment (CEXP, REXP and PINV) on unemployment (UNEMP) in Nigeria. Capital expenditure and private sector investment both in the medium to long-run were found to serve as catalyst towards reduction of unemployment, while recurrent expenditure was not statistically strong enough to do same. The $R^2$ of 84 per cent showed that greater proportion of the total variations in UNEMP was brought about by variations in the CEXP, REXP and PINV. Hence,

the study recommended that the proportion of capital expenditure in Nigerian budget profile should be systematically increased while the recurrent expenditure should be reduced. Secondly, there is need to stimulate competition among investors through removal of structural and institutional rigidities and government should design clear policy incentives to private sector investment.

Danladi (2015) examined the impact of government expenditure on Nigeria economic growth. The study adopted Keynesian aggregate expenditure as a framework to explain the role of government spending on Nigeria economic growth. The Johansen cointegration test was applied to verify the long run relationship between the variables and the Granger causality test was employed to determine the existence and direction of causation between government expenditure and economic growth. The autoregressive distributed lag (ARDL) model was employed to examine the relationship between the independent variables and the dependent variable. From the analysis and findings, government spending significantly and positively explained the economic growth of the country. In comparing the results of the total government expenditure with capital and recurrent expenditure, the result shows that they are positively related to economic growth however the recurrent component of the expenditure significantly explained more. The study therefore, recommended that the government should give more priority to the capital component that is more productive and can induce rapid economic prosperity.

Okoro (2013) investigated the impact of government spending on the Nigerian economic growth from 1980 to 2011. The study made use of secondary data and employed the ordinary least square multiple regression analysis to estimate the model specified. Real Gross Domestic Product (RGDP) was adopted as the dependent variable while government capital expenditure (GCEXP) and government recurrent expenditure (GREXP) represented the independent variables. With the application of Granger causality test, co-integration test and ECM, the results shows that there exists both short and long-run relationship between government spending and economic growth in Nigeria. The ECM result shows that it will take 60 per cent speed of adjustment per annum for short run errors to adjust in the long-run. The author recommended that government should implement policies that will enhance Nigerian economic growth by channeling both capital expenditure and recurrent expenditure appropriately.

Abu and Abdullah (2010) analyzed the effect of government expenditure on economic growth from 1980 to 2008. The study made use of secondary data and employed a disaggregated method of analysis. The results revealed that government total capital expenditure (TCAP), total recurrent expenditures (TREC), and government expenditure on education (EDU) have negative effect on Nigerian economic growth. On the contrary, government expenditure on transport and communication (TRACO), and health (HEA) have positive impact on Nigerian economic growth. The authors' recommendations include among others the following. Government should increase both capital expenditure and recurrent expenditure, including expenditures on education, as well as ensuring that funds meant for the development of these sectors are properly managed. Secondly, government should increase its investment in the development of transport and communication, in order to create an enabling environment for businesses to strive. Thirdly, government should raise its expenditure in the development of the health sector since it would enhance labour productivity and economic growth. Lastly, government should encourage and

increase the funding of anti-corruption agencies in order to tackle the high level of corruption found in public office.

Abu and Abdullah (2010) investigated the effect of government expenditure and economic growth in Nigeria from the period ranging from 1970 to 2008.They used disaggregated analysis in an attempt to unravel the impact of government expenditure on economic growth. Their results revealed that capital and recurrent government expenditures on education have negative effect on economic growth, while government expenditure on transport and communication, and health have positive effect on economic growth of Nigeria. They recommended that government should increase both capital expenditure and recurrent expenditure on education as well as ensure that funds meant for development on this sector are properly utilized. They also recommend that government should encourage and increase the funding of anti-corruption agencies in order to tackle the high level of corruption found in public offices in Nigeria.

Olorunfemi (2008) studied the direction and strength of the relationship between public investment and economic growth in Nigeria, using time series data from 1975 to 2004 and observed that public expenditure impacted positively on economic growth and that there was no link between gross fixed capital formation and Gross Domestic Product. He averred that from disaggregated analysis, the result revealed that only 37.1 per cent of government expenditure is devoted to capital expenditure while 62.9 per cent share is to current expenditure. The study recommends that government should encourage and increase the funding of capital projects.

## Methodology

The purpose of this chapter is to provide adequate and appropriate methods required to give answer to the research questions, capture the objectives of the study and evaluate the hypothesis of the study.

## Theoretical Framework/Model

The theories of government expenditure adopted in this study did not provide a structural equation for easy impact analysis. This study therefore adopted the model developed by Onodugo el at (2016) who examined the impact of effect of government expenditure on unemployment in Nigeria. In their study they specified a model which shows unemployment as a function of government expenditure, their model is specified as;

UNEMP = f (CEXP, REXP, PINV)                                           3.1

Where UNEMP = Unemployment rate, CEXP = Capital Expenditure, REXP = Recurrent Expenditure, and PINV = Private Investment. In order to capture the objectives of this study, equation 3.1 will be modified slightly to fit into the concept of this study. The modified model is specified as;

## Empirical Model Specification

UNEMP = f (REXPH, REXPE, CEXPEH)                                       3.2

Where REXPH = recurrent expenditure on health, REXPE = recurrent expenditure on education, CEXPEH = capital expenditure on health and education. Equation 3.2 is econometrically

specified as;

$$UNEMP = \beta_0 + \beta_1 REXPH + \beta_2 REXPE + \beta_3 CEXPEH + \mu \qquad 3.3$$

$\beta_1; \beta_2; \beta_3 < 0$

## 3.3 Estimation Techniques and Procedures.

### 3.3.1 Unit Root Test

Unit root test is a pre-test which is used to examine whether a time series data is stationary or not in order to avoid running a spurious regression. Unit root test ensures validity of the test statistics such as t-test statistic, F-test statistic and coefficient of determination ($R^2$). This study employs ADF. The ADF equation is specified below as thus;

$$\Delta Y_t = \beta_0 + \beta_2 t + \psi Y_{t-1} + \alpha_1 \sum_{i=1}^{p} \Delta Y_{t-1} + \varepsilon_t \qquad 3.4$$

**Unit root test hypothesis:**

$H_0$: the variables has unit root (not stationary)

$H_1$: the variables has no unit root (stationary)

**Decision rule:**

Reject $H_0$ if ADF is greater than critical value in absolute terms at chosen level of significance.

**Co-integration Test**

After establishing the existence of stationarity and their order of integration identified, next is to determine if the dependent and independent variables are co-integrated for robust long-run analysis. The nature of co-integration test to be applied in this study is subject to stationarity test outcomes.

**Augmented Engle-Granger Error Correction Model (short-run test)**

This test is carried out to correct maybe equilibrium error (disequilibrium) in short-run, such that the error term in short-run equation can be tie to the short-run behavior of the dependent variable. The short-run equation is stated as:

$$\Delta Y_t = \beta_0 + \beta_1 \Delta x_t + \ldots\ldots + \beta_p \Delta x_{tp} + \beta_2 ECM(-1) + \varepsilon_t \qquad 3.5$$

Long-run unrestricted ARDL bounds testing approach developed in 2001 by Pesaran, shin and Smith (Pesaran, shin & Smith, 2001) is specified below as;

$$\Delta lnUNEMP_t = \beta_0 + \beta_1 lnREXPH_{t-1} + \beta_2 lnREXPE_{t-1} + \beta_3 lnCEXPEH + \sum_{i=1}^{k} \alpha_1 \Delta lnUNEMP_{t-i} + \sum_{i=1}^{k} \alpha_2 \Delta lnREXPH_{t-1} + \sum_{i=1}^{k} \alpha_3 \Delta lnREXPE_{t-1} + \sum_{i=1}^{k} \alpha_4 \Delta lnCEXPEH_{t-i} + \mu_t \qquad 3.6$$

The short run relationship among the variables is specified as;

$$\Delta lnUNEMP_t = \sum_{i=1}^{k} \alpha_1 \Delta lnUNEMP_{t-i} + \sum_{i=1}^{k} \alpha_2 \Delta lnREXPH_{t-1} + \sum_{i=1}^{k} \alpha_3 \Delta lnREXPE_{t-1} + \sum_{i=1}^{k} \alpha_4 \Delta lnCEXPEH_{t-i} + \lambda ecm_{t-1} + \mu_t \qquad 3.7$$

Where $ecm_{t-1}$ is the short-run dynamic error correction factor, $\lambda$ is the coefficient of $ecm_{t-1}$ that measures the speed of adjustment in the short-run into the long-run and $\mu_t$ is the white noise error term.

The evaluation of estimates is divided into two stages: Economic a-priori criteria and Statistical Criteria. This study relies on time series data ranging from 1981-2016. The Data sets for this study are from CBN Statistical bulletin of various years, and NBS bulletin of various years.

## Data Analysis and Discussion of Findings

The empirical results from pre-test results and data analysis are presented in this chapter. Empirical findings are also discussed in this chapter.

## Result Presentation and Analyses

**Pre-test results:** this section includes the unit root test result presentation.

**Table 4.1 Augmented Dickey-Fuller (ADF) unit root test**

| Variables | ADF Stats | Critical values 5% | Order of integration | Lag | Remark |
|---|---|---|---|---|---|
| Dependent variables | | | | | |
| UNEMPR | -4.197366 | -3.544284 | I(0) | 9 | Reject $H_o$ |
| Independent variables | | | | | |
| REXPE | -4.555808 | -3.544284 | I(0) | 9 | Reject $H_o$ |
| REXPH | -4.043657 | -3.587527 | I(0) | 9 | Reject $H_o$ |
| CEXPEH | -4.371846 | -3.580623 | I(0) | 9 | Reject $H_o$ |

Source: Authors Compilation 2019.

From unit root test hypothesis and decision rule, is it obvious that all the variables are stationary at order I(0), we therefore reject $H_0$ across all the variables and conclude that the variables are stationary (the variables has no unit root). Since all the variables are stationary at order I(0), therefore, there is no need to go ahead with co-integration test because it is assumed that all the variables are co-integrated, indicating a long-run relationship between the dependent and independent variables. Secondly, the analysis of this study is based on results obtained from equation 3.3.

## Result Analysis

Analysis of this study relies on long-run result.

Table 4.2 Regression result

| Dependent Variable | UNEMPR | | | |
|---|---|---|---|---|
| Independent Variables | | | | |
| Variable | Coefficient | Std. Error | t-Statistic | Probability |
| REXPH | 0.025819 | 0.048068 | 0.537133 | 0.5949 |
| REXPE | 0.011009 | 0.031789 | 0.346313 | 0.7314 |
| CEXPEH | 0.080477 | 0.022621 | 3.557681 | 0.0012 |
| C | 36.77236 | 0.990258 | 37.13412 | 0.0000 |
| Other test statistic | | | | |
| Statistical results | Values | | | |
| R-squared | 0.742742 | | | |
| Adjusted R-squared | 0.718624 | | | |
| F-statistic and Prob(F-statistic) | 30.79618 (0.000000) | | | |
| Durbin-Watson stat | 1.768939 | | | |

| Information criteria | |
|---|---|
| Akaike info criterion | 5.938638 |
| Schwarz criterion | 6.114584 |
| Hannan-Quinn criterion | 6.000048 |

Source: Authors Compilation 2019.

The above long-run result shows that a unit increase in REXPH leads to 0.03 unit increase in UNEMPR in Nigeria. Secondly, a unit increase in REXPE leads to 0.01 unit increase in UNEMPR in Nigeria. Thirdly, a unit increase in CEXPEH leads to 0.08 unit increase in UNEMPR in Nigeria. On the other hand, t-test statistics shows that REXPH and REXPE are not statistically significant positively or negatively, while CEXPEH is statistically significant positively. F-test shows that overall test statistics is positive and statistically significant.

**Evaluation of Estimate.**

Estimated results are evaluated based on a) Economic criteria (a-priori expectations) and b) statistical criteria (first order test).

a. Economic Criteria (a-priori expectation)
Table 4.3 a-priori expectation.

| Independent variables | Exp. signs | Obtained results | Remarks |
|---|---|---|---|
| REXPH | - | 0.025819 | Did not conform to a-priori |
| REXPE | - | 0.011009 | Did not conform to a-priori |
| CEXPEH | - | 0.080477 | Did not conform to a-priori |

Source: Researchers' Compilation 2019.
Table 4.3 shows that all of the explanatory variables did not conform to a-priori expectation, by implication, it means that economically, REXPH, REXPE and CEXPEH are not contributing to unemployment reduction in Nigeria.

b. Statistical Criteria (First order test).

This stage includes; t-statistic, F-statistic, coefficient of determination ($R^2$), adjusted coefficient of determination ($R^{-2}$).

Table 4.4 t-test statistic

| Independent Variables | t-computed | Probability | Remarks |
|---|---|---|---|
| REXPH | 0.537133 | 0.5949 | Do not reject $H_0$ |
| REXPE | 0.346313 | 0.7314 | Do not reject $H_0$ |
| CEXPEH | 3.557681 | 0.0012 | Reject $H_0$ |

Source: Researchers' Compilation 2019.
T-test statistic decision rule: Reject $H_0$ if P-value is less than 0.05 and accept $H_1$ if otherwise stated. Since P-value for REXPH and REXPE are greater than 0.05, we therefore do not reject $H_0$ (accept $H_0$) and conclude that REXPH and REXPE do not have statistical significant impact on

UNEMPR in Nigeria. And also since P-value for CEXPEH is less than 0.05, we reject $H_0$ and therefore conclude that CEXPEH have positive significant impact on UNEMPR in Nigeria.

Table 4.5 F-test statistic

| F-computed | F-tabulated 5% | Probability | Remarks |
|---|---|---|---|
| 30.79618 | 2.92 | 0.000000 | Reject $H_0$ |

Source: Researchers' Compilation 2019.

F-test statistic decision rule: Reject $H_0$ if F-computed is greater than F-tabulated and accept $H_0$ if otherwise stated. Since F-test statistic result in Table 4.5 indicates that F-computed is greater than F-tabulated, we therefore reject $H_0$ and conclude that in overall, REXPH, REXPE and CEXPEH have statistical significant impact on UNEMPR in Nigeria.

Coefficient of determination ($R^2$): From the estimated result, the value of $R^2$ is 0.742742 which means 74 per cent of changes in UNEMPR in Nigeria is explained by REXPH, REXPE and CEXPEH while the remaining 26 per cent maybe explained by other factors not included in this study.

Adjusted coefficient of determination ($R^{-2}$): From our result $R^{-2}$ indicates that the explanatory variables in this study are not perfectly related. Evidence to that effect is the value of estimated $R^{-2}$ which is 0.718624.

## Discussion of Findings

The major findings of this study are in three folds; economic, statistical and econometrics finding. Economic result of this study shows that REXPH, REXPE and CEXPEH which is meant to contribute to unemployment reduction Nigeria have failed to do so, because obtained result indicates that increase in REXPH, REXPE and CEXPEH within this study period have contributed to unemployment rate of 0.03, 0.01 and 0.08 respectively. By implication increase in REXPH, REXPE and CEXPEH do not have the capacity to reduce unemployment in Nigeria and/or funds meant for REXPH, REXPE and CEXPEH are not properly channeled into the supposed programmes.

Statistically, the t-test statistics revealed that REXPH and REXPE do not have statistical significant impact on UNEMPR in Nigeria, hence we therefore do not reject $H_0$ (accept $H_0$). On the other hand CEXPEH has positive significant impact on UNEMPR in Nigeria, thus we reject $H_0$ (accept $H_1$). The implication of the aforementioned result is that UNEMPR in Nigeria is not as a result of increase in REXPH and REXPE, but increase in CEXPEH has influence on UNEMPR in Nigeria. Hence, there is need to allocate more funds in CEXPEH in order to tackle the challenges of unemployment in Nigeria. Further the F-test revealed that all the explanatory variables have positive significant impact on UNEMPR in Nigeria. Following the overall result, it means that on aggregate REXPH, REXPE and CEXPEH have influence on UNEMPR in Nigeria. Hence, we reject $H_0$ (accept $H_1$). The obtained result implies that there is need to appropriately allocate more funds in REXPH, REXPE and CEXPEH in order to tackle the challenges of unemployment in Nigeria.

Furthermore, despite the difference in study approach and techniques adopted in this study and other studies, the result of this study agree with findings of Onodugo el at (2016) who observed that capital expenditure serve as catalyst towards reduction of unemployment in Nigeria both in the medium and in the long-run, while they found that recurrent expenditure do not have strong statistical impact on reduction of unemployment in Nigeria. Contrarily, the result of this study disagree with findings of Abu and Abdullah (2010) who observed capital and recurrent government expenditures on education have negative effect on economic growth, while government expenditure on health has positive effect on economic growth of Nigeria. This disagreement may be as a result of the study focus, the work done by Abu and Abdullah regressed government expenditure against Nigerian economic growth while this study under review regressed government expenditure against unemployment rate in Nigeria economic.

**Summary**

The study examined the effect of government social expenditure on unemployment in **N**igeria from 1981 to 2016**.** The study employed OLS technique of analysis because ADF unit root test results shows that the variables are integrated at order zero 1(0).

Economic result shows that all of the explanatory variables did not conform to a-priori expectation. By implication, it means that economically REXPH, REXPE and CEXPEH are not contributing to unemployment reduction in Nigeria. Statistical result shows that; a) at individual level REXPH and REXPE do not have statistical significant impact on UNEMPR in Nigeria, while CEXPEH has positive significant impact on UNEMPR in Nigeria. b) Generally, REXPH, REXPE and CEXPEH have statistical significant impact on UNEMPR in Nigeria. c) Coefficient of determination ($R^2$) shows that 74 per cent of changes in UNEMPR in Nigeria is explained by REXPH, REXPE and CEXPEH while the remaining 26 per cent maybe explained by other factors not included in this study. d) Adjusted coefficient of determination ($R^{-2}$) indicates that the explanatory variables in this study are not perfectly related.

**Conclusion**

From the results obtained from OLS t-test and F-test, this study therefore conclude that government expenditure on health and education and other social and community activities on both recurrent and capital nature meant to contribute to unemployment reduction Nigeria failed to do so.

**Recommendations**
Based on the findings and conclusions of this study, the following recommendations are made; firstly, Nigerian Government should ensure that funds allocated to health, education and other social and community activities are properly utilized. Secondly, Nigerian Government should institute anti-corruption agencies that are independent of political powers in order to reduce corrupt practices and ensure judicious spending of allocated funds. Finally, Government should sell off compromise of all forms and make the Nigeria a reliable country of hope for her citizens by creating jobs and warring against brain drain and its effect on the economy.

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